

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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|--------------------------------------|---|--------------------------------|
| In Re: | § | Chapter 11 |
| | § | |
| W.R. GRACE & CO., et al., | § | Jointly Administered |
| | § | Case No. 01-01139 (JKF) |
| Debtors. | § | |
| | § | |

**FEE AUDITOR'S AMENDED COMBINED FINAL REPORT REGARDING
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES
FOR THE TWELFTH INTERIM PERIOD**

This is the amended final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Twelfth Interim Quarterly Period (collectively referred to hereafter as the "Applications").

BACKGROUND

1. Bankruptcy Management Corporation (BMC) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. In the Application, BMC seeks approval of fees totaling \$216,671.00 and costs totaling \$4,355.79 for its services from January 1, 2004, through March 31, 2004.

2. Bilzin Sumberg Dunn Baena Price & Axelrod LLP ("Bilzin") was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Bilzin seeks approval of fees totaling \$127,547.00 and costs totaling \$56,582.22 for its services from January 1, 2004, through March 31, 2004.

3. Campbell & Levine LLC ("Campbell") was retained as counsel to the official

committee of asbestos personal injury claimants. In the Application, Campbell seeks approval of fees totaling \$42,051.00 and costs totaling \$4,567.73 for its services from January 1, 2004, through March 31, 2004.

4. Caplin & Drysdale, Chartered (“Caplin”) was retained as national counsel to the Official Committee of Asbestos Personal Injury Claimants. In the Application, Caplin seeks approval of fees totaling \$54,409.50 and costs totaling \$2,777.48 for its services from January 1, 2004, through March 31, 2004.

5. Casner & Edwards, LLP (“Casner”) was retained as special litigation counsel to the Debtors. In the Application, Casner & Edwards seeks approval of fees totaling \$40,354.00 and expenses totaling \$52,104.40 for its services from January 1, 2004 through March 31, 2004.

6. Duane Morris LLP (“Duane Morris”) was retained as counsel to the Official Committee of Unsecured Creditors. In the Application, Duane Morris seeks approval of fees totaling \$45,639.00 and costs totaling \$1,378.35 for its services from January 1, 2004, through March 31, 2004.

7. Goodwin Proctor (“Goodwin”) was retained as counsel to State Street Bank and Trust Company, the investment manager and fiduciary of the Grace stock within the Grace savings and investment plan.. In the Application, Goodwin seeks approval of fees totaling \$58,505.50 and costs totaling \$3,363.61 for its services from January 1, 2004, through March 31, 2004.

8. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”) was retained as consultants to the Official Committee of Asbestos Property Damage Claimants. In the Application, HRA seeks approval of fees totaling \$8,877.50 and costs totaling \$479.86 for its services from January 1, 2004, through March 31, 2004.

9. Klett Rooney Lieber & Schorling (“Klett Rooney”) was retained as co-counsel to the Official Committee of Equity Holders. In the Application, Klett Rooney seeks approval of fees totaling \$40,575.50 and costs totaling \$3,110.03 for its services from December 26, 2003, through March 31, 2004.

10. Kramer, Levin, Naftalis & Frankel, L.L.P. (“Kramer Levin”) was retained as counsel to the official committee of equity holders. In the Application, Kramer Levin seeks approval of fees totaling \$31,674.50 and costs totaling \$1,451.43 for its services from January 1, 2004, through March 31, 2004.

11. Legal Analysis Systems, Inc. (“LAS”) was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. In the Application, LAS seeks approval of fees totaling \$20,212.50 for its services from January 1, 2004, through March 31, 2004.

12. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as special litigation and environmental counsel for the Debtors. In the Application, Nelson Mullins seeks approval of fees totaling \$32,451.50 and costs totaling \$1,398.78 for its services from January 1, 2004, through March 31, 2004.

13. Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. (“Pachulski”) was retained as local counsel to the debtors. In the Application, Pachulski seeks approval of fees totaling \$68,701.00 and costs totaling \$45,354.16 for its services from January 1, 2004, through March 31, 2004.

14. Pitney, Hardin, Kipp & Szuch, LLP (“Pitney Hardin”), was retained as special counsel to the Debtors. In the Application, Pitney Hardin seeks approval of fees totaling \$367,258.00 and

costs totaling \$14,570.01 for its services from January 1, 2004, through March 31, 2004.

15. Reed Smith LLP ("Reed Smith") was retained as special asbestos products liability defense counsel to the Debtors. In the Application, Reed Smith seeks approval of fees totaling \$53,760.00 and costs totaling \$3,065.81 for its services from January 1, 2004, through March 31, 2004.

16. Steptoe & Johnson, LLP ("Steptoe") was retained as special tax counsel to the Debtors. In the Application, Steptoe seeks approval of fees totaling \$11,264.00 and costs totaling \$135.21 for its services from January 1, 2004, through March 31, 2004.

17. L. Tersigni Consulting P.C. ("Tersigni") was retained as accountant and financial advisor for the official committee of asbestos personal injury claimants. In the Application, Tersigni seeks approval of fees totaling \$188,083.00 and costs totaling \$2,798.10 for its services from January 1, 2004, through March 31, 2004.

18. Woodcock Washburn LLP ("Woodcock") was retained as special litigation counsel to the Debtor. In the Application, Woodcock seeks approval of fees totaling \$280,568.00 and costs totaling \$58,719.13 for its services from January 1, 2004, through March 31, 2004.

19. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent

established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

20. We have no objections to, or issues with any of the Applications. Thus we did not send initial reports to any of these applicants. After filing our original final report, however, we discovered discrepancies in the requested fee amounts for HRA and Kramer, which necessitated the filing of this amended final report to correct these discrepancies.

CONCLUSION


21. Thus, for the period of January 1, 2004, through March 31, 2004 we recommend approval of all fees and expenses for the following applicants:

- a. BMC - fees totaling \$216,671.00 and costs totaling \$4,355.79.
- b. Bilzin - fees totaling \$127,547.00 and costs totaling \$56,582.22.
- c. Campbell - fees totaling fees totaling \$42,051.00 and costs totaling \$4,567.73.
- d. Caplin - fees totaling \$54,409.50 and costs totaling \$2,777.48.
- e. Casner - fees totaling \$40,354.00 and costs totaling \$52,104.40.
- f. Duane Morris - fees totaling \$45,639.00 and costs totaling \$1,378.35.
- g. Goodwin Proctor - fees totaling \$58,505.50 and costs totaling \$3,363.61.
- h. HRA - fees totaling \$8,877.50 and costs totaling \$479.86.
- i. Klett Rooney - fees totaling \$40,575.50 and costs totaling \$3,110.03.
- j. Kramer Levin - fees totaling \$31,674.50 and costs totaling \$1,451.43.
- k. LAS - fees totaling \$20,212.50.
- l. Nelson Mullins - fees totaling \$32,451.50 and costs totaling \$1,398.78.

- m. Pachulski - fees totaling \$68,701.00 and costs totaling \$45,354.16.
- n. Pitney Hardin - fees totaling \$367,258.00 and costs totaling \$14,570.01.
- o. Reed Smith - fees totaling \$53,760.00 and costs totaling \$3,065.81.
- p. Steptoe - fees totaling \$11,264.00 and costs totaling \$135.21.
- q. Tersigni - fees totaling \$188,083.00 and costs totaling \$2,798.10.
- r. Woodcock - fees totaling \$280,568.00 and costs totaling \$58,719.13.

Respectfully submitted,

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 3rd day of September, 2004.

A handwritten signature in black ink, appearing to read "W. H. Smith", is written over a horizontal line.

Warren H. Smith

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